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THE HEDONISTIC INTERPRETATION OF SUBJECTIVE VALUE.

ONE of the most important facts in the history of political economy was the connection which existed between the science during its formative period and the ethical theory of utilitarianism. These two remarkable systems grew up from infancy together. In the writings of Jeremy Bentham the doctrine of utilitarianism first found a thoroughly consistent statement; and it was by Bentham's friends, Ricardo and James Mill, that the first attempt was made to construct, upon the lines indicated in the work of Adam Smith, a logically complete and consistent science of political economy. Since the days of Bentham's activity and influence the relationship between economics and the ethical theory has been so close as even to appear organic, and it is inevitable that now, in its maturity, political economy should exhibit in a conspicuous manner both the evil and the good results of this early association.

Our attention must be directed at this time to one particular result of this historic connection between utilitarianism and political economy. This result is the frequent occurrence in economic literature, even of the present day, of the psychological doctrine which lay at the foundation of Bentham's great work. Its most forcible statement is Bentham's own, in the opening paragraph of the *Principles of Morals and Legislation*. "Nature has placed mankind under the governance of two sovereign masters, pain and pleasure. It is for them alone to point out what we ought to do, as well as to determine what we shall do. . . . They govern us in all we do, in all we say, in all we think; every effort we can make to throw off our subjection will serve but to demonstrate and confirm it. In words a man may pretend to abjure their empire, but in reality he will remain subject to it all the while. The principle of *utility* recognizes that

subjection and assumes it for the foundation of that system, the object of which is to rear the fabric of felicity by the hands of reason and of law." This, then, being the inevitable character of all human action whether we are conscious of it or not, true wisdom evidently consists in frankly recognizing the fact, and in seeking most consistently and intelligently for the greatest possible amount of pleasure. One of Bentham's earliest tasks was therefore the indication of a method for estimating the relative values of the different classes of pleasures and pains; and for striking a balance, in particular cases, which should show the net pleasurable or painful result of the course of action proposed.

Such is the doctrine which constitutes the psychological foundation of much of our current economic literature. Jevons's elaborate restatement of this philosophy of hedonism, in connection with the theory of consumption, has done much to win for it popularity and general assent, and the large importance which it is commonly understood to possess in the subjective-value theory of Austrian economists has further tended to strengthen its position. The truth of this psychological principle, and its real importance for valid economic theory, may therefore well be more closely examined. If the doctrine is not true it must inevitably lead to serious confusion whenever it is definitely assumed as the basis of a theoretical discussion or tacitly assumed in economic criticism. It may not be improper to say, at the outset, that this assumption, which has played so important a part in the history of ethics, and which still retains much of its earlier influence upon political economy, is believed to be fundamentally unsound. It is a lingering tradition of the science, an idol of the theater, whose sovereignty should no longer be even tacitly acknowledged.

Two articles have recently appeared in which the two main questions, to which attention has just been called, are suggested in a very striking manner. The first of these is Professor Hadley's paper entitled "Recent Tendencies in Economic Literature,"¹ the important part of which, for the present purpose, is

¹ *Yale Review*, November 1894.

the criticism of the Austrian school. The second is Professor Taylor's, upon "The Evolution of the Idea of Value."¹ In both of these discussions the principles of the hedonistic psychology are somewhat definitely assumed to be true, and in either case with unfortunate results. Both writers also assume that this psychology is the logical foundation of the Austrian theory of value, Professor Hadley stating this belief more explicitly though not more positively than Professor Taylor. These articles therefore raise quite opportunely and in the most definite manner the whole question of the relation of hedonism to the economic doctrine of value, and a detailed review of them will be the most effective means of exhibiting the nature of the difficulties to which an inadequate psychology may give rise. The present discussion will have failed to realize its purpose if, in its treatment of points of critical detail, it allows the more important general aspects of the question to be lost sight of.

Professor Hadley understands the Austrian theory of value to be based upon the assumption that subjective valuation is a process of calculating pleasures and pains, after the manner so elaborately specified by Bentham and his disciple Jevons. He accordingly objects to this theory, not because the psychological assumption upon which it rests is wholly unsound but because this assumption is true of only a small portion of actual economic conduct. Professor Taylor, on the other hand, is disposed to admit the validity of the theory as a full explanation of present economic facts, but anticipates an Arcadian future state in which goods of all kinds shall be esteemed, not, as now, according to their subjective value but according to their true worth. Before proceeding further it may be well to repeat that these two criticisms seem to be founded upon a misapprehension of the real nature of subjective valuation. Bentham's forcible statement of the hedonistic theory is assumed to be a sufficient account of the nature of economic choice. Men are believed to be guided in their economic action by a desire for

¹ JOURNAL OF POLITICAL ECONOMY, September 1895.

the greatest possible amount of pleasant feeling. The study of the articles before us will illustrate the manner in which this erroneous theory concerning a matter of psychology may be, and has proved itself to be, a source of perplexity to economists.

Professor Hadley, then, understands the Austrian "deductions" to be founded upon the assumptions, (1) that people try to spend their incomes intelligently in accordance with Weber's law; (2) that in an ideal state of society they would succeed in so doing. By Weber's law is to be understood the proposition that sensation in general bears, within limits, a continually diminishing ratio to physical stimulus as stimulus increases. In accordance with this principle, to use Böhm-Bawerk's illustration (though he does not speak of "Weber's law"), the tenth overcoat which a person acquires is worth much less to him than the first. Professor Hadley then points out his objections to these presuppositions, substantially in the following manner. It is true that part of the world regulates part of its expenditures in accordance with Weber's law, and that in an ideal state a larger part would regulate more of its expenditure in this way; but the truth is that this portion of expenditure must always be relatively very small. The greater part of general expenditure is not regulated by calculation of pleasures and pains, but is dictated by custom and the demands of society.

Now, as a matter of fact, the admission that any portion whatever of anyone's expenditure is regulated in accordance with Weber's law is of very questionable validity. In the criticism before us, however, the admission is made, and a difficulty forthwith presents itself in consequence. Professor Hadley immediately anticipates an objection which will be made to his introductory criticism of the Austrian school. This objection is that in order that social demands should have any control over one's expenditures, the victim must submit, must think it best upon the whole to obey, and that, therefore, expenditures "dictated" in this way are just as truly regulated by calculation of pleasure and pain as any others are. This objection Professor Hadley meets by the reply that it involves a confusion between

intensity of motive and *quantity of happiness*. Social demands operate as intense motives, but it does not follow from this that obedience to social demands produces happiness. But a certain quantity of happiness is always the end sought when Weber's law is used as a formula for conduct. Conventional expenditures notoriously do not produce as much pleasure as do those which are more largely occasioned by the individual's personal choice and are, therefore, not governed with reference to Weber's law. These two classes of expenditure must then be kept rigorously distinct in logic. But notwithstanding this logical distinction, we are told, Weber's law still cannot be allowed any domain for its own exclusive sovereignty. Custom and sentiment ruthlessly encroach upon it on every side. No line can be drawn between what a man spends as he will and what he spends as he must. As a matter of fact, Professor Hadley concludes, this circumstance is not unfortunate, for the conscious pursuit of happiness is only too apt to defeat its own end. Unconscious activity (*sic*) is much more efficient.

Before passing on to notice this general position one minor point should be observed. Conduct regulated in accordance with Weber's law is said to be inspired by a desire for pleasure ; but conduct due to the demands of society is influenced merely by an "intense motive," and does not necessarily produce happiness at all. But does it follow from this latter circumstance that conventional conduct is not directed by a calculation of expected pleasures? In other words why may not the content of the "intense motive" be a desire for pleasure? The motive must have *some* content, else it would not be a motive at all. Motive must not be confused with impulse. A motive must always be definite and fully self-conscious, for a motive is merely the object upon which it has been decided to concentrate attention and effort. An "intense motive" must then be something in particular and why upon the hedonistic hypothesis may it not in this case be the pleasure which conventional conduct is expected to yield? Unless this "intense motive" is something definite it is very wrongly named. If there is not some definite

motive in people's obedience to custom and to social requirements, these can only be matters of mere blind impulse; and in fact this seems to be Professor Hadley's real view.¹

The admission, therefore, that the Benthamite calculus of pleasures and pains is a real possibility, and that it regulates in part a small division of human conduct has led to this curious result. Conduct is in part regulated by a calculus of pleasures and pains, and in part by an "intense motive," little better than blind impulse, due to the stern demands of society. It must be evident at once that this antithesis has no existence in concrete fact. It is impossible that man's economic conduct should in one direction be voluntary and in another involuntary, or that in the same case at the same time it should have "many of the characteristics of freedom," but be "much more governed by custom and sentiment than by calculation of enjoyment."² It is true, as Professor Hadley says, that "you cannot divide a man's income sharply into the part which he spends as he must and the part which he spends as he pleases;"³ but this statement is true, not because the two kinds of conduct are inextricably mingled in actual fact, but for the simple reason that there are no two such modes of conduct between which such a line is necessary or even thinkable. And at this point it should be said that the question here involved is in no way connected with the question of free will and determinism. We do not need just now to decide whether the will is "free" or "determined," but simply to insist that all conscious action is voluntary, whatever the nature of will itself may be. One may complain bitterly of the necessity which forces him to act in a particular way, but he will, nevertheless, afterwards defend his course by protesting that he could not possibly have chosen to do otherwise. The antithesis then, the attempt to establish which we have been examining, between the two kinds of action, is evidently founded upon two very serious assumptions; (1) that there is such a thing as acting against one's will, and (2) that

¹ *Loc. cit.*, pp. 255-7.

² *Ibid.*, p. 256.

³ *Ibid.*

when one acts as he "pleases" he is moved by the desire for pleasure. As a matter of fact, the second of these assumptions is no less inconceivable than the first.

To this point, then, a moment's attention may profitably be given. It can scarcely be necessary to enter in great detail upon so elementary a matter, but it may be well to indicate very briefly some of the leading considerations which bear upon this assumption of the old-fashioned hedonism. In the first place, pleasure (or the desire for pleasure), is, of course, not itself a primary fact of consciousness. It is not the first and most elementary aspect of conscious life. On the contrary, it requires explanation. A sufficient account of the matter for the present purpose may be that pleasure is the feeling concomitant of certain states or modes of activity — a definition scarcely more than nominal, but one which indicates sufficiently well a perfectly evident fact of experience. Pleasure in other words results from the attainment of some already existing end of action; it is not itself an end. Pleasure is always felt as the accompaniments of some activity, or of the possession of some thing. As Professor Hadley remarks, nothing can be truer than that pleasures of all ranks, from the most refined to the most sensuous, are impaired when the end sought is pleasure itself instead of the desired thing. It is even true, speaking roughly, that the intensity of the pleasure which is felt in the pursuit of a certain object is directly proportional to the intensity of the interest which is taken in the thing which it is desired to obtain. This, however, is far from meaning that "unconscious activity," as Professor Hadley has expressed it, is more productive of pleasure than is conscious. It rather means that pleasure arises in the fullest measure from the most intensely conscious pursuit, not of pleasure, but of actual objective ends. The question is not whether our pursuit of pleasure shall be conscious or unconscious, but whether anything but the conscious pursuit of *objects* as such is conceivable as a concrete fact.

Probably no one will seriously question what has been said up to this point. But it may be urged that, nevertheless, there

is still something to be said for the older view. If pleasure is not the actual end which is consciously sought, is it not, after all, what we are after when we seek certain objective ends? Is not self-forgetful absorption in the end as such merely the method for securing to ourselves what is really our object, first and last,—namely, pleasure? Is not pleasure what we really seek, although the necessary condition of our success is that we lose sight of it? To this contention it must first be answered that it is a very different one from the view which we have been examining. The ground of defense has now been shifted from a theory as to the character of the ends of actual conduct to one concerning the reason for our interest in certain ends. But the economist, when he undertakes the discussion of subjective valuation as a factor in determining the exchange value of goods is surely concerned with the objects of desire as desired, and not with the theory of the origin of our interest in them.

Fully to discuss this latter point would not be strictly relevant and would carry us too far afield. Yet it may be suggested that, even in the sense indicated in the objection just referred to, pleasure is not the real end of action. This becomes more evident from a consideration of the actual experience to which the objection refers. We do not first feel a desire for the abstract pleasure as such which may be derived from the possession of a certain thing, and then, judiciously forgetting all about it, bend all our energies to the direct effort to secure the thing itself. On the contrary the occurrence of this alleged original image of pleasure must be explained. The pleasure which we imagine at the outset and which holds our interest to the effort to obtain the desired object arises itself out of the contemplation of our possible actual possession of the object as such. In other words the difficulty with this revised hedonistic theory is that it fails to explain the origin of the idea of the pleasure which is said to be implicitly sought. Yet this must be explained, and it can be explained in only one way. A want of some object occurs, for reasons which do not now concern us. Our motive consists in

the vision of ourselves in possession of the desired object, and the pleasure, here as always a sequent, not an original fact, is the inward sign of the anticipated satisfaction of the want. Mere pleasure as an implicit end of action in abstraction from all concrete circumstances is unthinkable. And in general we may finally conclude that things which satisfy our wants, and not mere pleasant feelings, are always the objects of actual desire. This is the answer which must be made to the hedonistic theory. Even if we choose to say with Bentham that man is under the governance of sovereign masters, it cannot be admitted that pain and pleasure are of their number.

We may now return to the distinction which was under examination, between voluntary calculated action and action dictated by the customs and conventionalities of society. The distinction implies, in the first place, the possibility of involuntary economic choice, and, in the second, the proposition that voluntary action is determined by a desire for pleasure, on the part of the individual. The conclusion has now been reached that neither of these necessary implications can seriously be maintained. Yet upon no other hypothesis can the distinction be maintained. First of all the theory that pleasure is the end of action results necessarily in the arbitrary definition of voluntary actions as those which are determined by a calculus of pleasures and pains. Voluntary action of course is calculated action and no calculation can reckon with aught but pleasures and pains. But in the second place it is evident that the greater part of one's normal expenditure is not regulated by any such process. Therefore the greater part of one's expenditure is involuntary and the curious distinction at once presents itself between "absolute" and "positive" utilities.¹

In point of fact all conscious action is more or less deliberate, and no portion of economic action can properly be called unconscious. Such action is certainly always voluntary and is always directed towards the attainment of objects which, whatever the reason may be, the individual identifies with his welfare. A

¹ *Ibid.*, p. 256.—Quoted from Professor S. N. Patten.

man who attaches great weight to the social sanction may often act unwisely. His friends may do well to counsel him to relegate fashionable clothes and opera tickets to a lower place in his scale of valuation, but the economist as such takes no interest in the occasion or the outcome of these endeavors. The tyranny of fashion may be very burdensome to society as a whole and to individuals, but on this account the value theorist need give himself no concern.

Subjective valuation is therefore valuation of goods as identified with one's own well-being, and not a calculation of the pleasures to be derived from them. This point should be somewhat more carefully noticed. It is evident that all desire for one's own well being is "subjective" since it arises out of the connection of one's self with a certain end of action; but it is no less obvious that just because desire has always to do with some object as such and never with pleasure as such it is no less properly "objective." This use of the word "subjective," therefore, as applied to valuation should be closely attended to. It does not properly carry with it the idea of inner feeling as opposed to outer stimulus. Subjective value is rather the value which a single individual places upon an objective thing; and its correlate is objective or exchange value, which, in any particular case, is the relation in which one commodity stands to others, or to money, in the market. "Subjective" does not properly connote feeling; it should do no more than suggest the individual character of the act of valuation. It is precisely at this point then that the error is made which leads to the hedonistic interpretation of subjective value. The error consists in making the distinction between "subjective" and "objective" equivalent to one between "inner" and "outer," between inner feeling and its outer cause.

The distinction between positive and absolute utilities as correlative respectively, to voluntary and involuntary economic choice has now been examined. It affords as striking an example as could be desired, of the results which follow in economic theory from a mistaken psychological presupposition. It matters little whether it be maintained that this distinction is of practical

use in the classification of real economic conduct, or whether, as Professor Hadley has endeavored to show, the line which it indicates is merely logically conceivable, but cannot be drawn with certainty between the two extremes. The possibility of consistently conceiving the extremes is the really important question. The distinction, in the form in which it is usually stated, stands or falls with the hedonistic theory, and we are obliged to conclude that this theory will not bear examination. The distinction unquestionably has a degree of real validity and when it is properly stated may freely be accepted. There certainly is some meaning in the broad distinction between expenditure to which a social sanction is attached and expenditure which is without any such definite direction. It is a matter of relative indifference, for example, so far as society is concerned, whether one purchases the novels of George Eliot or Thackeray. But stated in this manner the distinction is one which has no meaning for political economy, and, more particularly, none for the theory of value.

An illustration has thus been afforded of the unfortunate results which the psychology of hedonism occasions, when it is definitely assumed in economic theory as a point of departure. Leaving this matter, therefore, for the present, we may pass to the consideration of the further question as to how really necessary to the logical integrity of the Austrian theory of value this remnant of utilitarianism may be. In the judgment of the writer the work of the Austrian school, whatever its shortcomings, is not logically grounded upon the hedonistic theory of desire. The discussion of subjective value by Professors Böhm-Bawerk¹ and Wieser² is surely very widely different from Jevons's virtual reproduction of Bentham's exposition in the *Theory of Political Economy*. It is true that we find in Weiser's *Natural Value* a discussion of Gossen's law of the satiation of wants, whose mathematical exactness of detail is suggestive of Bentham's calculus

¹ Cf. *Positive Theory of Capital* (trans.), book iii. chaps. i. and ii.

² *Natural Value*, book i. chaps. ii. and iii.

of pleasures. We notice also in the *Positive Theory of Capital* the statement that a good is valuable which secures one "a feeling of pleasure" which one would not have without it.¹ But beyond such occasional expressions as these, there is no trace of any particular psychological theory. On the contrary we have the simple statement that [subjective] value is the importance which a good or complex of goods possesses with respect to the well-being of a subject.² Upon this truth, and the other perfectly obvious one, that the importance of a single article for one's well-being depends upon the number of similar articles one may possess, the superstructure is built. Obviously the person concerned is the sole judge of this importance, and his judgment is none the less his own, and none the less a judgment of utility for him, because he allows it to be influenced by the "demands of society." It is not the present purpose to defend the Austrian economics as a whole; whatever its merits and faults may be, its fortunes are in no wise bound up with those of the Benthamite psychology. Finally it should be said that the analogy which has sometimes been assumed to exist between the principle of subjective value, and Weber's law of physical stimulus and sensational effect is at best very artificial.

The opinion which has just been expressed as to the absence of logical connection between the Austrian economics and the theory of hedonism may require somewhat fuller justification than it has received. Attention should be directed to the doctrine of subjective value, as it is stated by the school, for upon this the whole structure ultimately rests. In doing this it is not at all to the purpose to attempt to justify the conclusions which may have been deduced from the principle in question, nor to defend the precise manner in which the principle has been stated, but merely to see whether, as an economic doctrine, this principle of subjective value is logically dependent upon the psychological doctrine that pleasant feeling is the object of desire. This principle of subjective value is that the desire for any particular

¹ English translation, p. 130.

² *Ibid.*, p. 135.

object or class of objects tends regularly to diminish in intensity with the increase in the degree of its satisfaction, and that, accordingly, the value of any one of the particular objects which yield the satisfaction diminishes as their number increases. The question then arises: Exactly why should a person value one particular article in a supply of ten similar ones less highly than if this single article were the only one in his possession? The obvious answer to this question is that the ten articles together are worth less to him, proportionally, than the single one would be, and that therefore any one of the ten must be worth absolutely less than if it were the only one in his possession. But it may then be asked why ten articles of a certain class are worth relatively less than one, and the reply may perhaps be made that this fact is an illustration of the general law of the fatigue of sensation under oft-repeated stimulation. This answer, then, is the precise point which calls for closer consideration. Is it sufficient? If it is not sufficient, does the principle of diminishing utility, which has just been given as the foundation of the Austrian theory of value, depend upon this theory of hedonism? Do we, as this answer implies, value things because they produce pleasure; and value the marginal article less than the first because it finds our sense organs in a condition of fatigue? If not, and if the principle of diminishing utility can be explained *only* upon some other supposition, then the Austrian discussion of value is not, as is so freely assumed, founded upon the infirm hedonistic theory, and does not stand or fall with it.

Evidently this is a restatement of the question, which has already been briefly discussed, as to the character of the object of desire. The conclusion upon this point was that the object of desire is not pleasant feeling, but some thing, judged by the individual to be necessary for himself. Does this conclusion hold good when brought to the test of explaining the fact of diminishing satisfaction? To determine this, a few particular cases may be examined. What is the case with physical hunger? We do not tire of eating because our desire for the pleasure of eating is gradually diminished. On the contrary, we cease to experi-

ence any pleasure as soon as the demands of the system for food have been satisfied. It is paradoxical to suppose that pleasure, as such, can ever pall. In the same way nearly all normally constituted persons will become indifferent to further additions to their libraries when their collections have reached a certain size, and will choose to spend their incomes in some other direction. In this case, as in the other, this is not the result of a surfeit of the pleasure of owning books, merely as pleasure. The real fact is that, in such a case as this, one's books have become so numerous that further supplies cannot be used by the owner, perhaps even for ornamental purposes, and he can therefore no longer find satisfaction in the thought of owning them. And in general, to state the case in the convenient terms of Gossen's law, increasing supplies of a commodity "sate our want" for that commodity, not our desire for pleasure. Desire for pleasure as such, if possible at all, would in the nature of the case be insatiable. A desire for a particular kind of goods, on the other hand, is necessarily limited at any given time, and limited by the extent of the need which the individual recognizes as existing for such goods in his own particular circumstances. Inevitably the desire for additional increments of every species of goods must become less and less with the decreasing ability of the individual to make use of them, until the point is reached beyond which further increments are indifferent or positively undesirable.

Want, then, is the prerequisite condition of desire, and hence of the pleasure which arises from the satisfaction of desire, and under the category of wants must be included wants of every variety, physical or otherwise, of which man is capable. The desire for commodities, the consumption of which is in a manner "dictated" by custom or the common consent of society is subject, so far as its endurance is concerned, to the same law which governs the consumption of food. Whether the want in question is an organic and so a universal one, or whether like the want of gloves, it is more or less conventional, is not at all to the purpose, so far as the theory of value is concerned. In many cases the

minimum of consumption may in a manner be prescribed by society, or may be fixed for the individual by custom, the real extent of whose influence upon him the individual may be utterly unconscious of; but the fact remains that increments of the commodity in question, in excess of the minimum, suffer, in these as in all cases, a progressive depreciation. Our desire for a certain thing may be from the point of view of some one else, utterly irrational. But it is none the less a desire because it is irrational or even habitual, and, as a desire, it is subject to the same inevitable law which all other desires obey. One person's desires may perhaps be more praiseworthy than another's; he may, conceivably, even be able to render a more reasonable justification of them than another, but both persons, when they think they have enough of what they want, will take less and less interest in further acquisition. It is this latter fact alone that economics is concerned with at this point in the theory of value.

The question which it was above proposed to examine was whether the Austrian theory of value is as closely connected with the hedonistic theory of desire as Professor Hadley, among others, takes for granted. The Austrian theory of value is founded upon the principle of diminishing utility. And this principle of diminishing utility, identified with Weber's law by hedonism, has just been seen not only to be fully explicable without the assistance of the hedonistic doctrine, but to be, in fact, quite inexplicable upon any such hypothesis. It may, perhaps, be true that the writers of the new school, both those who have been mentioned and others as well, occasionally use the language of hedonism in their discussions. It may be that certain of these writers really believe, as Jevons did, that their theory of value is a consequence of that doctrine. But however this matter of fact may stand, our present conclusion must be that there is no real connection whatever between the economic and the psychological theories in question. The latter is unsound. The former is based upon a principle so true that its certainty

can scarcely be doubted, even after the very longest of artificial and over-subtle expositions.

Professor Taylor endeavors in the second part of the article, to which reference has already been made, to establish a conception of worth as distinguished from value. Worth is to be the supreme economic category in the future state, when scarcity and ignorance shall no longer affect choice.¹ In the ideal state, where neither of these unpleasant facts will be present, goods will be consumed according to their true worth,—according to the degree in which they conduce to man's highest welfare. As society progresses, the present day category of value is gradually to lose its meaning and importance and give place to the higher idea. In order more clearly to convey the idea of worth, the case is considered of a fall in the average price of commodities, the conditions directly affecting the value of the standard of value remaining unchanged. The fall in prices may then be due to two causes: (1) commodities may be more abundant; (2) they may be less highly esteemed. The price of an article is thus to be understood as the resultant of outer and inner influences, of scarcity and worth.² When a fall occurs in the price of any article, if the portion of the fall due to increased supply of the article be subtracted from the total fall, the remainder, if any there be, indicates the diminution of "worth" of the article and represents the influence of subjective causes. "Worth is the result of mental or moral conviction independently of the supply of the commodity."³

In the earlier portion of the article occurs a discussion of subjective value, according to which it appears that subjective valuation is a matter of calculation, and that the magnitudes involved are pains and pleasures. Thus the subjective value of a supply of goods is the quotient of the whole supply divided by the increment which produced the last pleasure, the last pleasure being that which just repaid the cost (pain) involved

¹ *Loc. cit.*, p. 433.

² *Ibid.*, p. 429.

³ *Ibid.*

in obtaining it.¹ At this juncture a question suggests itself. Just what connection is supposed by the author to obtain between "worth" and this hedonistic conception of subjective value. "Worth and *objective* value," we are told, "are wholly the result of subjective estimate; but objective value is partly a reaction from change in cost."² Worth therefore, by implication, has no relation to cost. But subjective valuation is a process of calculating pleasures and pains, and a calculation of pains means a calculation of cost. Subjective value involves a consideration of cost and thus appears to differ quite distinctly from worth,—so that clearness demands a distinction in terminology. And yet we are told that "it is wrong to regard the new conception as essentially contradictory of the older. It is larger and more comprehensive."³ The definition of subjective value given by our author, and the somewhat uncertain position of worth are, as will be seen, very significant. In the meantime it seems upon the whole to be most reasonable to conclude from these indications that worth is understood to be the quality of true utility, or pleasure-producing power, which attaches to things irrespective of their scarcity. Now it may perhaps be that in Arcadia scarcity will never have to be considered, since goods are to abound "as the spontaneous products of the tropical sun."⁴ It is perhaps as bold (*pace* Mr. Malthus) to deny this as to affirm it. In any case, the first important question for us is the present-day value for economics of a conception of abstract worth without regard to concrete circumstance.

Such a category as this is not an economic one at all. Granting the doubtful possibility of forming an estimate of any object whatsoever, otherwise than in terms of its value for human purposes, and as compared with other objects, such an estimate cannot be of importance for the theory of economics. Economic value is a matter of demand and supply, and neither of these two factors has effect in determining value, except in relation to the other. It is true that if we could deduct the amount of fall due

¹ Pp. 419-20.

³ P. 432.

² P. 429.

⁴ P. 433.

to increased supply from the total fall, we should have left the result of the diminished demand; but unfortunately we cannot possibly perform any such subtraction. An absolute increase in supply or an absolute decrease in demand may or may not be relative as well, and unless they are relative they are not economically important. A widespread conviction that the consumption of a certain commodity is an unmixed evil would doubtless tend to lower its price, but the actual fall would be a function of the two variables, demand and supply. Economic judgment does not consist in arriving at such "mental or moral convictions" as the one just mentioned. These abstract convictions are doubtless influences which tend to act upon demand, but the making of them, and their rightness, are not, as such, circumstances of interest to political economy. Economic judgment has to do with actual conduct in the market, in view of all the conditions which may exist at the particular time. And, finally, it should be said that a proper decision in a definite situation, as to whether one sort of expenditure is more desirable than another, is more difficult to form and has more "mental or moral" significance than a mere abstract opinion.

We are thus brought back again, a second time, to the question of the nature of the subjective valuation of goods. Professor Taylor's view has been seen to be the very general one that this subjective valuation is a process of computing pleasures and pains, and this view appears to have cast a certain discredit upon it in his eyes. It is true that judgments of worth are presumably to be made in the same manner; they are still to be expressions of subjective valuation, but the category of worth further implies, in some sense, a perfected choice, a correct judgment of "true worth." Thus, whereas our ignorance today leads us to value inferior pleasures, men should desire superior ones, and when ignorance has vanished and the régime of worth has been ushered in, they will do so. The distinction between value and worth seems, then, to be almost equivalent to that between lower pleasures and higher, ideal ones. To this distinction, in spite of the admirable efforts of John Stuart Mill to establish it, the laconic saying

of Bentham still seems to be fatal; "Quantity of pleasure being equal, pushpin is as good as poetry." It is also fatal, therefore, to any proposal for a distinction between value and worth, which proceeds upon the hypothesis that subjective valuation is a calculation of pleasure and pains. In a word it appears that the author's proposed distinction is, like that of Professor Hadley, due to this same psychological error. Subjective value is, on account of its supposed hedonistic character, felt to be untrustworthy, and recourse is to be had to a new and higher category. The basis of the distinction seems to be a sense of deprecation of man's so-called grosser appetites,—a point of view which is, to say the least, extra-economic. The manifold difficulties in the way of successfully establishing this new distinction in political economy would never have been encountered if the real nature of subjective valuation as it now stands had been rightly apprehended.

The full significance of our author's ambiguity concerning worth now comes to view. It has already been noticed that the exact relation of worth to subjective value is not made clear. On the one hand it is not "essentially contradictory" of the older conception and therefore implies the choice of pleasures, though of the higher ones. On the other hand it deserves a separate designation and is one day to "supplant all technical conceptions of value;" for choice will then be perfected and goods will be consumed according to their "true worth."¹ These two positions can be reconciled only by identifying "true worth" with the ability to yield "worthier" pleasures, but upon the conception of "worthier" pleasures Bentham has long since pronounced his veto. Pleasure as such knows no distinctions of quality. One enjoyment may surpass another in intensity; we cannot say that it is "better." The author is apparently dissatisfied with hedonism, but yet cannot quite escape it.

It has been attempted above to show that subjective value is not a judgment of pleasures and pains, but strictly a judgment of worth, that is, of the serviceability of things for one's own ends.

¹ P. 433.

What is in fact desired by men even in these times, so remote from the coming Arcadia, is not pleasure, but actual commodities for the consumption of which, for reasons of many kinds, need is felt. Indeed, in the absence of evidence to the contrary, we may be sure that this will always be the case. We shall always consume according to our needs, however artificial they may be. We shall always esteem a large supply of necessary goods relatively less highly than a small one. We shall never, at any stage in the consumption of a commodity, find pleasure, as pleasure, unpleasant and cease to enjoy it, but shall always find our capacity for feeling pleasure diminishing at an increasing rate as our wants are more completely satisfied. Lastly, in every case of effort to secure a certain object will always be found a more or less explicit judgment to the effect that our fullest efficiency demands it. We may do well to advise shortsighted persons to spend their incomes in a more judicious manner, and if we desire to be particularly impressive we may urge that they attend more closely to the "real worth" of things. In this sense Professor Taylor's effort to establish the new category is a very praiseworthy, and even necessary one. But if by "real worth" we understand "intrinsic" or "absolute worth," we unfortunately are using terms which, for purposes of economic theory to say the least, are meaningless; and if we speak of "higher" pleasures we may be asked, most inconveniently, to explain ourselves more clearly. Even for purposes of edification we will do well to make our appeal in language which, while it avoids the danger of referring to feeling as the ultimate sanction, still does not describe an ideal in which no one can take an interest. But this is a matter wholly without the scope of economics. It may be an important matter, but its importance is practical, not scientific. There may be necessity for a more judicious conduct of the process of subjective valuation. There is no necessity for a new scientific term such as "worth," nor is there any possibility for one, for subjective valuation as a process must always remain just what, as a process, it has always been.

The papers here criticised go to show how a faulty view of subjective value may lead to obscurity and confusion in economic discussion. It is believed that the distinction between value and worth, no less than the distinction between absolute and positive utilities, is unnecessary and invalid. The unsound hedonistic theory, which is the only possible occasion for these attempted refinements, has been banished already from psychology, and there is no occasion to give it shelter within the neighboring domain of political economy. Ordinarily its presence may be a matter of indifference, but at critical moments it will be sure to prove a treacherous guest.

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